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American Petroleum Institute
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Monthly Statistical Report

Finance, Accounting, and Statistics Department

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SUMMARY

After unusually large year-to-year gains in January and February, it would not have been surprising if petroleum deliveries' growth had moderated somewhat in March. However, this month's 0.4 percent decline also reflects above-trend deliveries last March, particularly for "other oils". Had deliveries last March been more on-trend, deliveries this March, rather than falling, would have risen around 3 percent.

This is despite gasoline's 0.7 percent decline this March, which actually did reflect weak deliveries this year. Nevertheless, for the quarter as a whole, gasoline deliveries rose 1.6 percent. For distillate fuel oil, cold weather swelled deliveries' growth to nearly 9 percent for the quarter, and kerosine jet fuel deliveries rose 5.5 percent. Residual fuel oil deliveries were up 18 percent. As for total deliveries, January's unusually cold weather helped to boost year-to-year growth to 4.8 percent for the quarter; netting out the weather impact, we still estimate that underlying consumption has been growing at 2 to 3 percent.

Meanwhile, although total imports rose only 1.6 percent for the quarter, this was more the result of the substantial stock draw so far this year than of a true moderation in the underlying need for imports. Total inventories for the first three months of the year fell at an unusually high rate of 992 thousand B/D, contrasting with only 121 thousand B/D in the year-ago period. Without this draw, imports so far this year would have grown about 12 percent or one million B/D.

For March, domestic crude oil production fell 3.9 percent, bringing the quarter's decline overall to 2.2 percent. Lower 48 production fell almost 3 percent for the first three months while Alaskan production fell only 1.3 percent.

With refinery activity finally winding down in March from an active winter season, input to distillation units for the month declined 2.9 percent from a year ago—its first year-to-year decline in over a year. But for the first quarter as a whole, input still exceeded that of a year ago by half a percent, and utilization reached a recent-year first-quarter high of 88.3 percent.

Total inventories fell almost 90 million barrels for the quarter as a whole, and at 970 million barrels, total stocks ended the month below recent-year March levels of around one billion barrels. Distillate inventories, which had already been within 6 million barrels of the average seasonal low at the end of February, slipped only another 2.5 million barrels in March. They ended the month at 102 million barrels, slightly above what had been the typical seasonal low before the low- sulfur/high-sulfur differentiation went into effect last October.

PRODUCT SUPPLIED

Gasoline

PRIOR MONTHS' INCREASES REVERSED IN MARCH.

The stronger-than-expected results for gasoline deliveries earlier in the year reversed in March, for which deliveries dropped 0.7 percent. For the quarter as a whole, however, deliveries still rose 1.6 percent. Oxygenated gasoline, including gasohol, accounted for a substantially larger share of deliveries this March than last—19 percent, versus 8 percent a year ago. For the quarter, oxygenated gasoline accounted for 27 percent of deliveries, up from 16 percent last year. Some of this increased share is accounted for by greater volumes of gasohol, reflecting changes in the tax treatment of ethanol blending which now allow partial credit for blends of less than 10 percent ethanol.

Meanwhile, January's data on travel confirm what was already known—that the month's severe weather served to depress highway travel. According to the most recent Federal Highway Administration data, miles traveled, after averaging a year-to-year increase of close to 3 percent in the fourth quarter of last year, fell 0.4 percent in January. In fact, the drop in travel seems surprisingly large, even accounting for the inclement weather. Nevertheless, we estimate that, weather aside, more recent growth in travel, on a month-to-month basis, has been increasing at as much as a 4 to 5 percent annual rate.

Distillate Fuel Oil

DELIVERIES RISE NEARLY 9 PERCENT FOR THE QUARTER.

After two months of unusually strong year-to-year increases, distillate deliveries in March fell slightly versus a year ago. Weather in March averaged roughly 9

API ESTIMATES

	MARCH		YEAR-TO-DATE	
	Million B/D	Percent Change	Million B/D	Percent Change
Total domestic deliveries	17.6	(0.4)	17.9	4.8
Crude production	6.6	(3.9)	6.8	(2.2)
Total imports	8.5	2.6	8.2	1.6
Stocks (million bbl)	970	(3.6)	na	na

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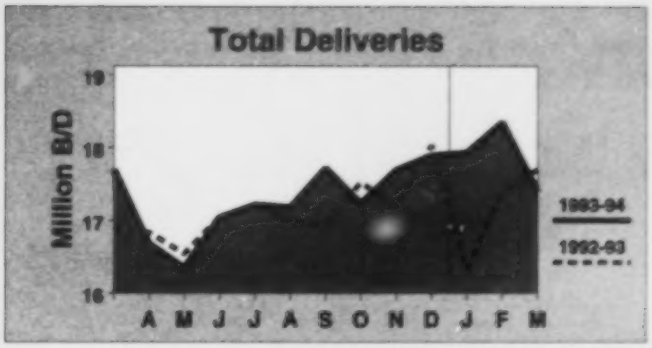
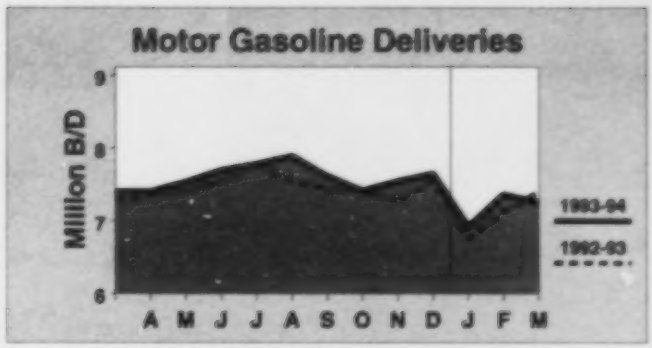
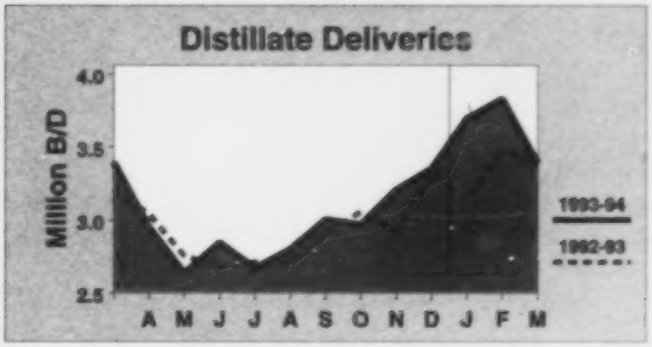
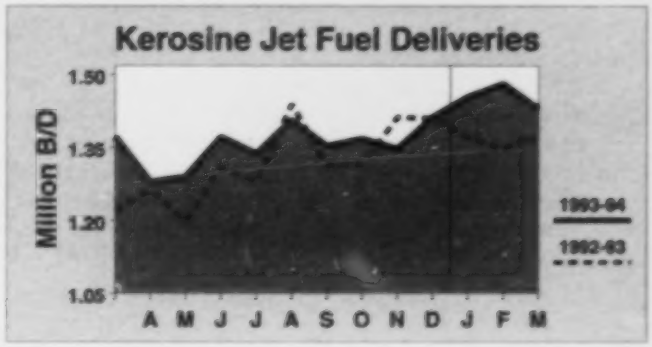








percent warmer than a year ago nationally, cutting perhaps 80-100 thousand B/D off of consumption versus last March.

For the quarter, deliveries were up nearly 9 percent because of the severe cold in January, which not only boosted heating oil demand but caused a surge in electric utility usage due to high electricity demand and limited natural gas availability. Netting out these effects, growth in deliveries for the quarter would have been up about 4 percent. Deliveries of low-sulfur diesel averaged 45 percent of deliveries during the first quarter.

Kerosine Jet Fuel

DELIVERIES' GROWTH MODERATES IN MARCH.

The unusually strong year-to-year growth in deliveries of kerosine jet fuel of the past several months subsided to 1.1 percent for March—more in line with the underlying growth in commercial air travel. Deliveries for the quarter as a whole rose 5.5 percent—but more on the strength of blending with distillate to improve cold-weather properties. The military switchover to kerosine-jet from naphtha jet is also believed to have added to deliveries as the military builds inventories.

Deliveries for the first quarter, at 1.44 million B/D, were the highest quarterly level ever for kerosine jet fuel.

Residual Fuel Oil

YEAR-TO-YEAR RISE CONTINUES.

Deliveries of residual fuel oil rose 11.5 percent for the month, their fifth year-to-year gain in a row. For the quarter, deliveries rose 17.7 percent due to a continued price advantage compared with natural gas. However, from a longer perspective, the first quarter's average of 1.26 million B/D was only equal to what it was two years ago and down substantially compared with levels of the late 1980s, as residual fuel oil was edged out by competing fuels, particularly at electric utilities.

Other Oils

DOWN FOR MARCH, UP FOR THE QUARTER.

Deliveries of "other oils" had shown strong year-to-year increases in January and February—but rose less than one percent for March. This was mainly because of comparison against unusually strong deliveries of "other oils" last March, particularly for liquefied petroleum gases and for gasoil-based petrochemical feedstock.

But if March's year-to-year change was understated in comparison with underlying consumption growth, the quarter's growth of 6.5 percent appears a bit stronger than expected, in part because January's deliveries growth had been quite strong due to below-trend deliveries in the year-ago period. We estimate that underlying consumption growth for "other oils" probably amounted to 3 percent or so for the first quarter.

SUPPLY

Production

CRUDE OIL OUTPUT FALLS 2 PERCENT FOR THE QUARTER.

For March, domestic crude oil production fell 3.9 percent, bringing the quarter's decline to 2.2 percent. The lower 48's 130 thousand B/D, 2.5 percent decline for the first three months is surprisingly small given the relative weakness in oil prices. For all of last year, lower 48 crude oil production had fallen 4 percent or about 225 thousand B/D.

Alaskan output fell only 1.3 percent during the first quarter, or about 20 thousand B/D—its smallest quarterly decline in more than two years. Last year's gas-handling upgrade on the North Slope and the coming onstream of the Point McIntyre field appear to have paid off, if not with an actual increase in Alaskan production, at least with a postponement of the natural decline of existing production. Previously, Alaskan production had been declining at a rate of roughly 100 thousand B/D per year.

Nevertheless, six years have now passed since Alaska's peak production of over 2 million B/D, and output there is down more than 20 percent or 400 thousand B/D compared with then. This has amounted to more than a quarter of the decline in overall U.S. crude production over this period.

Imports

IMPORT GROWTH CUSHIONED BY STOCK DRAW.

Total imports rose only 2.6 percent for March and 1.6 per cent for the quarter. But the first quarter's roughly 100 thousand B/D increase is deceptively small. Growth in imports was temporarily slowed in this year's first quarter by an unusually large draw on domestic inventories amounting to an average of almost a million B/D over the quarter, compared with only 121 thousand B/D for the same period a year ago. Without this draw, imports so far this year would have grown about 12 percent or over one million B/D.

Meanwhile, product imports were up nearly 16 percent for the month and over 15 percent for the quarter. They exceeded 2 million B/D for the first time on a quarterly basis in over three years. Gasoline imports, in particular, have been surprisingly strong, reaching nearly 350 thousand B/D in March and 280 thousand B/D for the quarter as a whole. The quarter's imports of finished gasoline were up more than 35 percent from the first quarter of 1993 as prices of exports from Europe have reportedly attracted shipments to the eastern U.S.

Residual fuel oil imports were also up a strong 37 percent to 485 thousand B/D in the first quarter, their highest quarterly level in more than two years. Distillate imports rose 16 percent to 250 thousand B/D, and imports of kerosine jet fuel rose 17 percent to 108 thousand B/D.

Refinery Operations

ACTIVITY SLACKENS DURING MARCH.

With refinery activity finally winding down in March from an active winter season, input to distillation units for the month declined 2.9 percent from a year ago—its first year-to-year decline in over a year. Last March, in contrast, refinery activity had already been picking up in preparation for the summer season, after a slower January-February period. Viewed for the quarter as a whole, however, these timing shifts more or less canceled each other out. For this year's first quarter as a whole, input still exceeded that of a year ago by half a percent, and utilization reached a recent-year first quarter high of 88.3 percent.

For March, output of motor gasoline rose 0.4 percent, while kerosine jet fuel production dropped 3.5 percent versus last March. But output of distillate continued to surge, rising 7.5 percent versus a year ago. Residual fuel oil production rose 4.8 percent over last March.

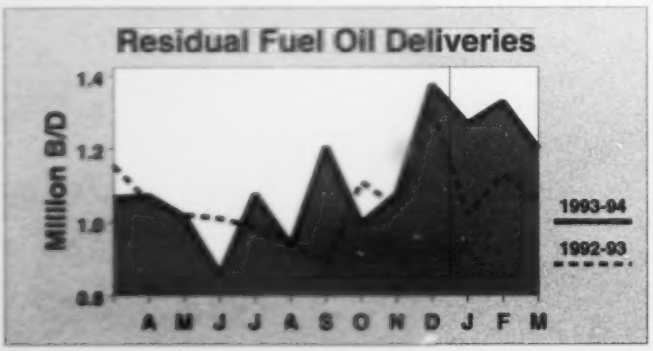
Inventories

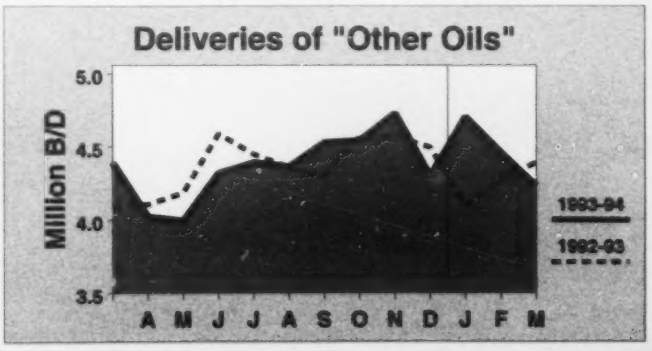
TOTAL INVENTORIES NEAR BOTTOM OF HISTORICAL RANGE.

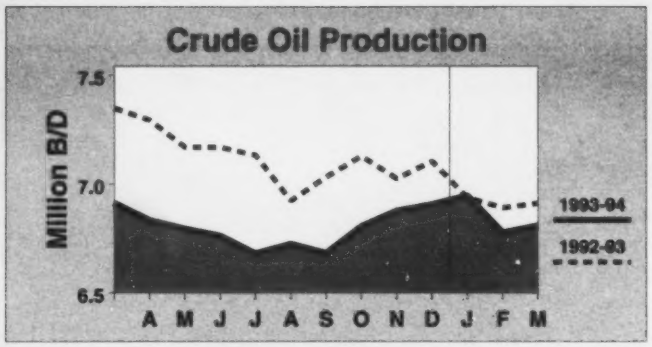
Following substantial drops in total inventories in January and February—amounting to over 60 million barrels—total stocks fell a further 24 million barrels during March. This was about double the recent-year average March decline. At 970 million barrels, total stocks ended the month below the recent-year March low of 989 million barrels. Crude oil stocks rose 6.5 million barrels to 337 million barrels, about the same as last year but roughly 5 million barrels below average for this time of year.

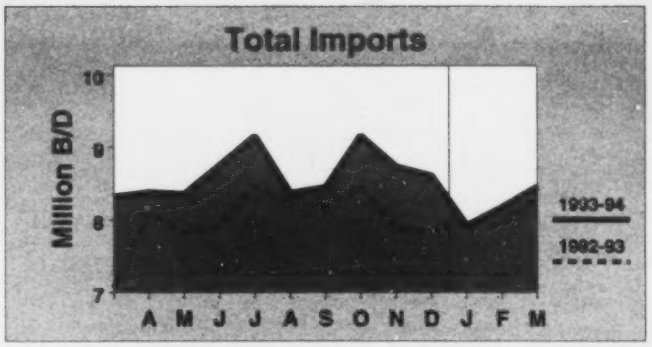
Mainly because of an end-of-season, 7 million barrel drop in stocks of oxygenated gasoline to 10 million barrels, total inventories of gasoline (including blending components) fell 13 million barrels during March. Their month-end level of 214 million barrels was below average for the month but not particularly low compared with year-round stock levels.

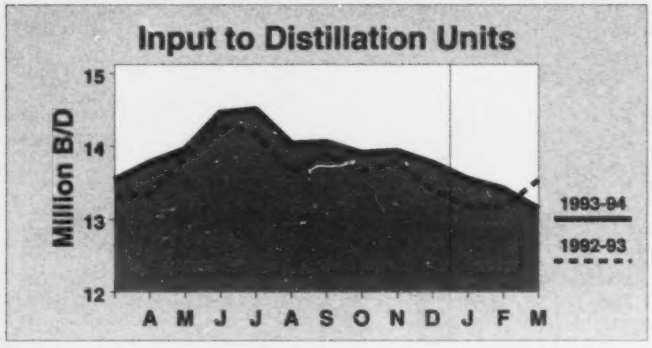
Distillate inventories, which had already been within 6 million barrels of the average seasonal low at the end of February, slipped only another 2.5 million barrels in March. The recent-year average drop for March has been more on the order of 10 million barrels, but typically from a somewhat higher level. Distillate stocks ended the month at 102 million barrels, slightly above what had been the typical seasonal low before the low-sulfur/high-sulfur differentiation went into effect last October. There was a decided shift towards low-sulfur stocks during the month, with high-sulfur distillate falling 7 million barrels compared with the end of February to 51 million barrels while low-sulfur rose 4 million barrels to 50 million barrels.

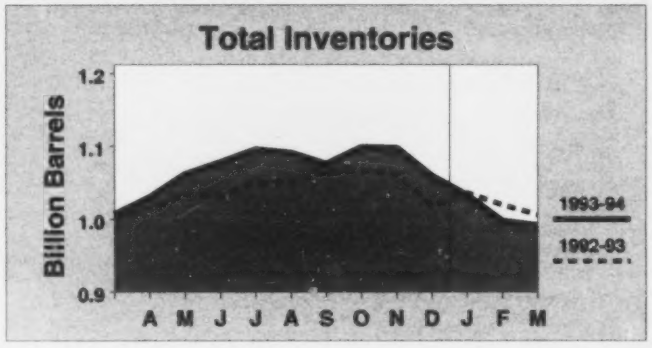












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ESTIMATED UNITED STATES PETROLEUM BALANCE[1]
(Daily average in thousands of 42 gallon barrels)

Disposition and Supply	March 1994[2]	March 1993[3]	March % Change	Year-to-Date 1994[4]	Year-to-Date 1993[3]	Year-to-Date % Change
Disposition:						
Total motor gasoline	7,349	7,397	(0.7)	7,202	7,089	1.6
Finished oxygenated	1,374	575[E]	139.0	1,934	1,145[E]	68.9
Finished reformulated	0	na	na	0	na	na
Finished other	5,975	6,822[E]	(12.4)	5,268	5,944[E]	(11.4)
Naphtha-jet	66	123	(46.3)	61	119	(48.7)
Kerosine-jet	1,386	1,371	1.1	1,438	1,363	5.5
Distillate fuel oil	3,356	3,393	(1.1)	3,618	3,332	8.6
≤ 0.05 percent sulfur	1,598	383[E]	317.2	1,640	398[E]	312.1
> 0.05 percent sulfur	1,758	3,010[E]	(41.6)	1,978	2,934[E]	(32.6)
Residual fuel oil	1,187	1,065	11.5	1,258	1,069	17.7
All other oils (including crude losses)	4,424	4,393	0.7	4,532	4,254	6.5
Reclassified[5]	-151	-47	na	-162	-98	na
Total domestic products supplied	17,617	17,695	(0.4)	17,947	17,128	4.8
Exports	1,010	963	4.9	943	1,044	(9.7)
Total disposition	18,627	18,658	(0.2)	18,890	18,172	4.0
Supply:						
Domestic liquids production:						
Crude oil (including condensate)	6,646	6,912	(3.9)	6,762	6,914	(2.2)
Natural gas liquids	1,632	1,799	(9.3)	1,630	1,763	(7.5)
Other supply[6]	1,056	1,205	(12.4)	1,303	1,301	0.2
Total domestic supply	9,334	9,916	(5.9)	9,695	9,978	(2.8)
Imports:						
Crude oil (excluding SPR imports)	6,409	6,481	(1.1)	6,179	6,315	(2.2)
From Canada	880	814	8.1	905	792	14.3
All other	5,529	5,667	(2.4)	5,274	5,523	(4.5)
Products	2,117	1,829	15.8	2,024	1,758	15.1
Residual fuel oil	447	352	27.0	485	354	37.0
All other	1,670	1,477	13.1	1,539	1,404	9.6
Total imports	8,526	8,310	2.6	8,203	8,073	1.6
Total supply	17,860	18,226	(2.0)	17,898	18,051	(0.9)
Stock change, all oils	-767	-432	na	-992	-121	na
Refinery Operations:						
Input to crude distillation units	13,148	13,535	(2.9)	13,360	13,295	0.5
Operable capacity	15,145	15,148	(0.0)	15,126	15,144	(0.1)
Refinery utilization[7]	86.8	89.4	na	88.3	87.8	na
Crude oil runs	12,831	13,249	(3.2)	13,099	13,055	0.3

	March 1994	February 1994	March 1993	% Change From Month Ago	% Change From Year ago
Stocks (at month-end, in millions of barrels):					
Crude oil (excluding SPR stocks)	337.0	330.5	337.1	2.0	(0.0)
Unfinished oils	102.8	105.1	103.5	(2.2)	(0.7)
Total motor gasoline	214.4	227.0	227.4	(5.6)	(5.7)
Finished oxygenated	9.9	17.4	17.5	(43.1)	(43.4)
Finished reformulated	0.0	0.0	na	na	na
Finished other	165.3	164.2	169.5	0.7	(2.5)
Blending components	39.2	45.4	40.4	(13.7)	(3.0)
Naphtha-jet	1.8	1.9	4.4	(5.3)	(59.1)
Kerosine-jet	34.9	37.5	37.0	(6.9)	(5.7)
Distillate fuel oil	101.7	104.2	97.5	(2.4)	4.3
≤ 0.05 percent sulfur	50.7	46.4	12.4	9.3	308.9
> 0.05 percent sulfur	51.0	57.8	85.1	(11.8)	(40.1)
Residual fuel oil	41.3	41.6	40.7	(0.7)	1.5
All other oils	135.9	145.8[R]	158.4	(6.8)	(14.2)
Total all oils	969.8	993.6[R]	1,006.0	(2.4)	(3.6)

1—Total supply, i.e., production plus imports adjusted for net stock change is equal to total disposition from primary storage. Total disposition from primary storage less exports equals total domestic products supplied. Information contained in this report is derived from information published in the API *Weekly Statistical Bulletin* and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions. **2**—Based on API estimated data converted to a monthly basis. **3**—Source: U.S. Energy Information Administration (including any adjustments). **4**—Data for most current two months are API estimates. Other data come from U.S. Energy Information Administration (including any adjustments). **5**—An adjustment to avoid double counting resulting from differences in product classifications among different refineries and blenders. **6**—Includes unaccounted-for crude oil, withdrawals from the SPR when they occur, processing gain, field production of other hydrocarbons and alcohol, and downstream blending of ethanol. **7**—Represents "Input to crude oil distillation units" as a percent of "Operable capacity". **R**—Revised. **E**—Estimated. **na**-Not available.